

P.E.I. LITERACY ALLIANCE

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

P.E.I. LITERACY ALLIANCE
YEAR ENDED MARCH 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of P.E.I. Literacy Alliance Inc.

We have audited the accompanying financial statements of P.E.I. Literacy Alliance Inc. which comprise of the statement of net assets as at March 31, 2011 and the statements of changes in net assets, revenues and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for a qualified audit opinion.


Basis for Qualified Opinion

In common with many charitable organizations, the Alliance derives revenue from donations and fees, the completeness of which are not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the effect of the matters described in the previous paragraphs, these financial statements present fairly, in all material respects, the statement of financial net assets as at March 31, 2011 and the statements of changes in net assets, revenues and expenditures and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

SEPTEMBER 6, 2011
CHARLOTTETOWN


CHARTERED ACCOUNTANTS

P.E.I. LITERACY ALLIANCE
STATEMENT OF NET ASSETS
MARCH 31, 2011

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT		
Cash and short term investments	\$ 356,811	\$ 381,129
Receivables	15,707	25,596
Prepaid expenses	<u>9,349</u>	<u>2,836</u>
	<u>\$ 381,867</u>	<u>\$ 409,561</u>


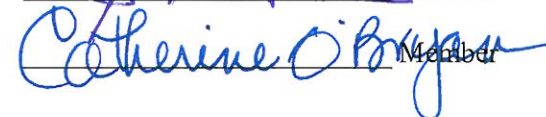
LIABILITIES

CURRENT		
Payables and accruals	\$ 10,140	\$ 3,317
Deferred revenue	<u>136,040</u>	<u>163,884</u>
	<u>146,180</u>	<u>167,201</u>

NET ASSETS

UNRESTRICTED	<u>235,687</u>	<u>242,360</u>
	<u>\$ 381,867</u>	<u>\$ 409,561</u>

APPROVED ON BEHALF OF THE ALLIANCE:

 Member
 Catherine O'Brien Member

P.E.I. LITERACY ALLIANCE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 242,360	\$ 210,751
Excess of Revenues over Expenditures (Expenditures over Revenues)	<u>(6,673)</u>	<u>31,609</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 235,687</u>	<u>\$ 242,360</u>

P.E.I. LITERACY ALLIANCE
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
REVENUE		
Laubach Literacy of Canada	\$ 16,944	\$ -
Transfer from PGI Golf Tournament	12,000	33,000
Raise a Reader	14,000	24,024
Recovery of expenses	10,255	4,009
Plain Language Revenue	1,950	1,300
Donations	1,322	1,143
Interest	1,708	996
Net project income (loss) - Note 3	283	5,065
Workshop registration	<u>580</u>	<u>1,194</u>
	<u>59,042</u>	<u>70,731</u>
EXPENSES		
Advertising	3,393	6,297
Awards	4,500	4,500
Bursaries	8,250	5,000
Conferences, travel and accommodations	12,652	8,255
Equipment purchases	1,906	37
Grants	7,500	-
Honoraria	786	1,283
Insurance	131	2,262
Interest and bank charges	223	234
Office and miscellaneous	4,012	6,037
Professional fees	8,807	2,696
Rent	1,159	81
Wages and benefits	<u>12,396</u>	<u>2,440</u>
	<u>65,715</u>	<u>39,122</u>
EXCESS OF REVENUES OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES)	<u>\$ (6,673)</u>	<u>\$ 31,609</u>

**P.E.I. LITERACY ALLIANCE
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2011**

	<u>2011</u>	<u>2010</u>
CASH PROVIDED FROM (USED FOR)		
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures (expenditures over revenues)	\$ (6,673)	\$ 31,609
Net changes in non-cash working capital items		
Receivables	9,889	2,560
Prepays	(6,513)	(2,277)
Payables	6,823	(5,941)
Deferred revenue	<u>(27,844)</u>	<u>127,212</u>
INCREASE (DECREASE) IN CASH	(24,318)	153,163
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	<u>381,129</u>	<u>227,966</u>
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	<u>\$ 356,811</u>	<u>\$ 381,129</u>

P.E.I. LITERACY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

1. MANDATE

The P.E.I. Literacy Alliance advances literacy for the people of Prince Edward Island.

2. ACCOUNTING POLICIES

PROPERTY AND EQUIPMENT

Property and equipment are expensed on acquisition.

REVENUE RECOGNITION

Grant revenue is recognized in accordance with the terms and conditions of the grant. Deferred revenues result from the project completion dates of specific grants extending beyond the fiscal year end.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

DONATED SERVICES

In order to achieve objectives of the organization, the Alliance is dependent on the services donated by many individuals. Since these services are not normally purchased by the association and because of the difficulty in determining their fair value, donated services are not monetarily recorded in the records of the association.

FINANCIAL INSTRUMENTS

The P.E.I. Literacy Alliance financial instruments consist of cash, short term investments, receivables, payables and accruals. Unless otherwise noted it is management's opinion that the P.E.I. Literacy Alliance is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair market value of these financial instruments approximate their carrying values, unless otherwise noted.

P.E.I. LITERACY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

3. NET PROJECT INCOME (LOSS)

	<u>PAGE</u>	<u>2011</u>	<u>2010</u>
PGI Golf Tournament For Literacy	8	\$ 8,355	\$ 4,194
Summer Tutoring Program for Kids	8	(10,663)	-
General Education Development Marketing	9	-	-
Office of Literacy and Essential Skills	9	(211)	871
Sharing Our Gifts	10	-	-
Igniting the Power Within	10	-	-
Family Literacy Partnership	11	-	-
Health Literacy Seniors	11	2,802	-
		<u>\$ 283</u>	<u>\$ 5,065</u>

4. RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2012, existing Canadian generally accepted accounting principles (GAAP) will cease to exist for not-for-profit organizations and will be replaced with Canadian accounting standards for not-for-profit organizations. These new accounting standards specific to not-for-profit organizations will be applicable for year ends beginning on, or after January 1, 2012.

P.E.I. LITERACY ALLIANCE
SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY
SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY		
REVENUE	\$ <u>43,261</u>	\$ <u>53,256</u>
EXPENSES		
Advertising	1,202	759
Awards	200	200
Donations	5,000	-
Gifts/honoraria	2,449	2,043
Insurance	605	-
Learner's Award	200	200
Meals	5,771	5,750
Miscellaneous	4,195	4,011
Professional fees	140	713
Resource materials	433	167
Travel	<u>2,711</u>	<u>2,219</u>
	<u>22,906</u>	<u>16,062</u>
NET PROJECT INCOME BEFORE TRANSFERS	20,355	37,194
TRANSFERS TO ADMINISTRATIVE ACCOUNT	<u>(12,000)</u>	<u>(33,000)</u>
NET PROJECT INCOME	\$ <u><u>8,355</u></u>	\$ <u><u>4,194</u></u>
SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS		
REVENUE	\$ <u>109,151</u>	\$ <u>126,909</u>
EXPENSES		
Gifts/honoraria	275	-
Materials	767	252
Office and miscellaneous	4,186	1,884
Travel	9,694	12,192
Wages	<u>104,892</u>	<u>112,067</u>
	<u>119,814</u>	<u>126,395</u>
EXCESS REVENUE OVER EXPENSE (EXPENSE OVER REVENUE)	(10,663)	514
DEFERRED REVENUE, END OF YEAR	<u>-</u>	<u>514</u>
NET PROJECT LOSS	\$ <u><u>(10,663)</u></u>	\$ <u><u>-</u></u>

P.E.I. LITERACY ALLIANCE
SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS
SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS		
REVENUE	\$ <u>141,120</u>	\$ <u>141,840</u>
EXPENSE		
Catering	1,076	132
Equipment rental and purchase	-	322
Insurance	2,265	-
Office	1,199	-
Postage	2,623	3,352
Printing	674	1,127
Professional fees	5,115	9,604
Rent	1,583	1,083
Telephone and internet	5,500	5,719
Travel	352	-
Wages	<u>120,944</u>	<u>119,630</u>
	<u>141,331</u>	<u>140,969</u>
NET PROJECT INCOME (LOSS)	\$ <u>(211)</u>	\$ <u>871</u>

SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING

REVENUE	\$ <u>16,979</u>	\$ <u>20,496</u>
EXPENSES		
Advertising	3,659	2,017
Project management	<u>1,500</u>	<u>1,500</u>
	<u>5,159</u>	<u>3,517</u>
EXCESS OF REVENUE OVER EXPENSES	11,820	16,979
DEFERRED REVENUE, END OF YEAR	<u>11,820</u>	<u>16,979</u>
NET PROJECT INCOME	<u>\$ -</u>	<u>\$ -</u>

P.E.I. LITERACY ALLIANCE
SCHEDULE V - SHARING OUR GIFTS
SCHEDULE VI - IGNITING THE POWER WITHIN
YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
SCHEDULE V - SHARING OUR GIFTS		
REVENUE	\$ <u>70,011</u>	\$ <u>75,000</u>
EXPENSES		
Office supplies	22	-
Professional fees	4,941	1,220
Wages	<u>16,325</u>	<u>10,442</u>
	<u>21,288</u>	<u>11,662</u>
EXCESS OF REVENUE OVER EXPENSES	48,723	63,338
DEFERRED REVENUE, END OF YEAR	<u>48,723</u>	<u>63,338</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>
 SCHEDULE VI - IGNITING THE POWER WITHIN		
REVENUE	\$ <u>96,588</u>	\$ <u>104,423</u>
EXPENSES		
Catering	20,371	10,382
Equipment rental	4,726	1,452
Gifts/honoraria	1,727	-
Office supplies	65	1,254
Professional fees	6,592	1,523
Rent	8,153	5,202
Travel	23,092	6,566
Wages	<u>9,598</u>	<u>5,622</u>
	<u>74,324</u>	<u>32,001</u>
EXCESS OF REVENUE OVER EXPENSES	22,264	72,422
DEFERRED REVENUE, END OF YEAR	<u>22,264</u>	<u>72,422</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>

P.E.I. LITERACY ALLIANCE
 SCHEDULE VII - FAMILY LITERACY PARTNERSHIP
 SCHEDULE VIII - HEALTH LITERACY SENIORS
 YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
SCHEDULE VII - FAMILY LITERACY PARTNERSHIP		
REVENUE	\$ <u>11,756</u>	\$ <u>9,631</u>
EXPENSES		
Advertising	860	-
Catering	825	-
Gifts/honoraria	355	-
Office and miscellaneous	50	-
Professional fees	632	-
Resources materials	221	-
Travel	47	-
	<u>2,990</u>	<u>-</u>
NET PROJECT INCOME	8,766	9,631
DEFERRED REVENUE, END OF YEAR	<u>8,766</u>	<u>9,631</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>
 SCHEDULE VIII - HEALTH LITERACY SENIORS		
REVENUE	\$ <u>5,000</u>	\$ <u>-</u>
EXPENSES		
Catering	133	-
Gifts/honoraria	1,500	-
Professional fees	400	-
Travel	165	-
	<u>2,198</u>	<u>-</u>
NET PROJECT INCOME	\$ <u>2,802</u>	\$ <u>-</u>